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Amendment

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Offered by:

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To: Subst. Senate Bill No. 733

File No. 428

Cal. No. 529

(As Amended)

**"AN ACT CONCERNING REVISIONS TO THE ELECTRIC
RESTRUCTURING LEGISLATION."**

1 Strike sections 3 and 4 in their entirety and insert the following in
2 lieu thereof:

3 "Sec. 3. Section 16-243h of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2003*):

5 On and after January 1, 2000, each electric supplier [, as defined in
6 section 16-1] or any electric distribution company providing standard

7 offer or back-up electric generation service, pursuant to section 16-
8 244c, as amended by this act, shall give a credit for any electricity
9 generated by a residential customer from a Class I renewable energy
10 source or a hydropower facility. [as described in subdivision (27) of
11 section 16-1.] The electric distribution company providing electric
12 distribution services to such a customer shall make such
13 interconnections necessary to accomplish such purpose. An electric
14 distribution company, at the request of any residential customer
15 served by such company and if necessary to implement the provisions
16 of this section, shall provide for the installation of metering equipment
17 that (1) measures electricity consumed by such customer from the
18 facilities of the electric distribution company, (2) deducts from the
19 measurement the amount of electricity produced by the customer and
20 not consumed by the customer, and (3) registers, for each billing
21 period, the net amount of electricity either [(i)] (A) consumed and
22 produced by the customer, or [(ii)] (B) the net amount of electricity
23 produced by the customer. A residential customer who generates
24 electricity from a generating unit with a name plate capacity of more
25 than ten kilowatts of electricity pursuant to the provisions of this
26 section shall be assessed for the competitive transition assessment,
27 pursuant to section 16-245g and the systems benefits charge, pursuant
28 to section 16-245l, as amended by this act, based on the amount of
29 electricity consumed by the customer from the facilities of the electric
30 distribution company without netting any electricity produced by the
31 customer. For purposes of this section, "residential customer" means a
32 customer of a single-family dwelling or multifamily dwelling
33 consisting of two to four units.

34 Sec. 4. Section 16-244c of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective July 1, 2003*):

36 (a) (1) On and after January 1, 2000, each electric distribution
37 company [, as defined in section 16-1,] shall make available to all
38 customers in its service area, the provision of electric generation and
39 distribution services through a standard offer. Under the standard
40 offer, a customer shall receive electric services at a rate established by

41 the Department of Public Utility Control pursuant to subdivision (2) of
42 this subsection. Each electric distribution company shall provide
43 electric generation services in accordance with such option to any
44 customer who affirmatively chooses to receive electric generation
45 services pursuant to the standard offer or does not or is unable to
46 arrange for or maintain electric generation services with an electric
47 supplier. [, as defined in said section 16-1. The standard offer shall
48 automatically terminate on January 1, 2004, unless extended by the
49 General Assembly pursuant to section 74 of public act 98-28*.] While
50 providing electric generation services under the standard offer, an
51 electric distribution company may provide electric generation services
52 through any of its generation entities or affiliates, provided such
53 entities or affiliates are licensed pursuant to section 16-245, as
54 amended by this act.

55 (2) Not later than October 1, 1999, and periodically thereafter, the
56 Department of Public Utility Control shall establish the standard offer
57 for each electric distribution company, effective January 1, 2000, which
58 shall allocate the costs of such company among electric transmission
59 and distribution services, electric generation services, the competitive
60 transition assessment and the systems benefits charge. The department
61 shall hold a hearing that shall be conducted as a contested case in
62 accordance with chapter 54 to establish the standard offer. [The] Until
63 January 1, 2004, the standard offer shall provide that the total rate
64 charged under the standard offer, including electric transmission and
65 distribution services, the conservation and load management program
66 charge described in section 16-245m, as amended by this act, the
67 renewable energy investment charge described in section 16-245n,
68 electric generation services, the competitive transition assessment and
69 the systems benefits charge shall be at least ten per cent less than the
70 base rates, as defined in section 16-244a, in effect on December 31,
71 1996. On and after January 1, 2004, the standard offer shall provide
72 that the total rate charged under the standard offer, including electric
73 transmission and distribution services, the conservation and load
74 management program charge described in section 16-245m, as

75 amended by this act, the renewable energy investment charge
76 described in section 16-245n, electric generation services, the
77 competitive transition assessment, the systems benefit charge, and the
78 universal service charge described in section 21 of this act, shall not
79 exceed the standard offer rates in effect on June 1, 2003, adjusted by
80 increases or decreases in the Consumer Price Index for the prior
81 twelve-month period. The standard offer shall be adjusted to the extent
82 of any increase or decrease in state taxes attributable to sections 12-264
83 and 12-265 and any other increase or decrease in state or federal taxes
84 resulting from a change in state or federal law and shall continue to be
85 adjusted [during such period] pursuant to section 16-19b.
86 Notwithstanding the provisions of section 16-19b, the provisions of
87 said section 16-19b shall apply to electric distribution companies. The
88 standard offer may be adjusted, by an increase or decrease, to the
89 extent approved by the department, in the event that (A) the revenue
90 requirements of the company are affected as the result of changes in (i)
91 legislative enactments other than public act 98-28** and this act, (ii) the
92 price of electric generation services attributable to federal
93 administrative requirements, or (iii) accounting standards occurring
94 after July 1, 1998, provided such accounting standards are adopted by
95 entities independent of the company that have authority to issue such
96 standards, or (B) an electric distribution company incurs extraordinary
97 and unanticipated expenses required for the provision of safe and
98 reliable electric service to the extent necessary to provide such service.
99 Savings attributable to a reduction in taxes shall not be shifted between
100 customer classes.

101 (3) The price [reduction] reductions provided in subdivision (2) of
102 this subsection shall not apply to customers who, on or after July 1,
103 1998, are purchasing electric services from an electric company or
104 electric distribution company, as the case may be, under a special
105 contract or flexible rate tariff, [and] provided the company's filed
106 standard offer tariffs shall reflect that such customers shall not receive
107 the standard offer price [reduction] during the term of said contract or
108 tariff.

109 (4) (A) Each electric distribution company shall, on or before
110 January 1, 2004, file with the department an application for an
111 amendment of rates pursuant to section 16-19, which application shall
112 include a four-year plan for the provision of electric transmission and
113 distribution services. The department shall conduct a contested case
114 proceeding pursuant to sections 16-19 and 16-19e to approve, reject or
115 modify the application and plan. Upon the approval of such plan, as
116 filed or as modified by the department, the department shall order that
117 such plan shall establish the electric transmission and distribution
118 services component of the standard offer.

119 (B) Notwithstanding the provisions of this subdivision, an electric
120 distribution company that, on or after September 1, 2002, completed a
121 proceeding pursuant to sections 16-19 and 16-19e, shall not be required
122 to file an application for an amendment of rates as required by this
123 subdivision. The department shall establish the electric transmission
124 and distribution services component of the standard offer for any such
125 company equal to the electric transmission and distribution services
126 component of the standard offer in effect on the effective date of this
127 section for such company. If such electric distribution company applies
128 to the department, pursuant to section 16-19, for an amendment of its
129 rates on or before December 31, 2006, the application of the electric
130 distribution company shall include a four-year plan.

131 (5) On and after January 1, 2007, each electric distribution company
132 shall not provide standard offer service to any customer who uses a
133 demand meter or has a maximum demand of greater than five
134 hundred kilowatts.

135 (6) (A) An electric distribution company providing standard offer
136 pursuant to this subsection shall mitigate the variation of the price of
137 the service offered to its customers by procuring electric generation
138 services contracts in the manner prescribed in a plan approved by the
139 department. Such plan shall require the procurement of a portfolio of
140 service contracts sufficient to meet the projected load of the electric
141 distribution company. Such plan shall require that the portfolio of

142 service contracts be procured in an overlapping pattern of fixed
143 periods at such times and in such manner and duration as the
144 department determines to be most likely to produce just, reasonable,
145 lowest cost and reasonably stable retail rates while reflecting
146 underlying wholesale market prices over time. The portfolio of
147 contracts shall be assembled in such manner as to invite competition;
148 guard against favoritism, improvidence, extravagance, fraud and
149 corruption; and secure a reliable electricity supply while avoiding
150 unusual, anomalous or excessive pricing. The portfolio of contracts
151 procured under such plan shall be for terms of not less than six
152 months, provided contracts for shorter periods may be procured under
153 such conditions as the department shall prescribe to (i) ensure the
154 lowest rates possible for end-use customers; (ii) ensure reliable service
155 under extraordinary circumstances; and (iii) ensure the prudent
156 management of the contract portfolio. An electric distribution
157 company may receive a bid for an electric generation services contract
158 from any of its generation entities or affiliates, provided such
159 generation entity or affiliate submits its bid the business day preceding
160 the first day on which an unaffiliated electric supplier may submit its
161 bid and further provided the electric distribution company and the
162 generation entity or affiliate are in compliance with the code of
163 conduct established in section 16-244h.

164 (B) The Office of Consumer Counsel, in consultation with the
165 department, shall select a third-party entity with expertise in the area
166 of energy procurement to oversee the initial development of the
167 request for proposals and the procurement of contracts by an electric
168 distribution company for the provision of electric generation services
169 offered pursuant to this subsection. The department shall retain the
170 services of the selected third-party entity. Costs associated with the
171 retention of such third-party entity shall be included in the cost of
172 electric generation services that is included in such price.

173 (C) Each bidder for a standard service contract shall submit its bid
174 to the electric distribution company and the third-party entity who
175 shall jointly review the bids and submit an overview of all bids

176 together with a joint recommendation to the department as to the
177 preferred bidders. The department may, within thirty business days of
178 submission of the overview, reject the recommendation regarding
179 preferred bidders. In the event that the department rejects the
180 preferred bids, the electric distribution company and the third-party
181 entity shall rebid the service pursuant to this subdivision.

182 (D) Not less than thirty days prior to the solicitation of bids for
183 standard offer service, an electric distribution company shall post the
184 bid specifications on its Internet website.

185 (7) (A) Notwithstanding the provisions of this section regarding the
186 electric generation services component of the standard offer, section
187 16-244h or 16-245o, the Department of Public Utility Control may, from
188 time to time, direct an electric distribution company to offer, through
189 an electric supplier or electric suppliers, before January 1, 2007, one or
190 more alternative standard offer options. Such alternative options shall
191 include, but not be limited to, an option that consists of the provision
192 of electric generation services that exceed the renewable portfolio
193 standards established in section 16-245a, as amended by this act, and
194 may include an option that utilizes strategies or technologies that
195 reduce the overall consumption of electricity of the customer.

196 (B) The department shall develop such alternative option or options
197 in a contested case conducted in accordance with the provisions of
198 chapter 54. The department shall determine the terms and conditions
199 of such alternative option or options, including, but not limited to, (i)
200 the minimum contract terms, including pricing, length and termination
201 of the contract, and (ii) the minimum percentage of electricity derived
202 from Class I or Class II renewable energy sources, if applicable. The
203 electric distribution company shall, under the supervision of the
204 department, subsequently conduct a bidding process in order to solicit
205 electric suppliers to provide such alternative option or options.

206 (C) The department may reject some or all of the bids received
207 pursuant to the bidding process.

208 (D) The department may require an electric supplier to provide
209 forms of assurance to satisfy the department that the contracts
210 resulting from the bidding process will be fulfilled.

211 (E) An electric supplier who fails to fulfill its contractual obligations
212 resulting from this subdivision shall be subject to civil penalties, in
213 accordance with the provisions of section 16-41, or the suspension or
214 revocation of such supplier's license or a prohibition on the acceptance
215 of new customers, following a hearing that is conducted as a contested
216 case, in accordance with the provisions of chapter 54.

217 (b) (1) On and after January 1, 2007, an electric distribution company
218 shall serve customers that are not eligible to receive standard offer
219 service pursuant to subsection (a) of this section as the supplier of last
220 resort. This subsection shall not apply to customers purchasing power
221 under contracts entered into pursuant to section 16-19hh. Any
222 customer previously receiving electric generation services from an
223 electric supplier shall not be eligible to receive supplier of last resort
224 service pursuant to this subsection unless such customer agrees to
225 receive supplier of last resort service for a period of not less than one
226 year.

227 (2) An electric distribution company shall procure electricity to
228 provide electric generation services to customers pursuant to this
229 subsection. The Department of Public Utility Control shall determine a
230 price for such customers that reflects the full cost of providing the
231 electricity on a monthly basis. Each electric distribution company shall
232 recover the actual net costs of procuring and providing electric
233 generation services pursuant to this subsection, provided such
234 company mitigates the costs it incurs for the procurement of electric
235 generation services for customers that are no longer receiving service
236 pursuant to this subsection.

237 [(b) On and after January 1, 2004, each electric distribution company
238 shall serve any customer who does not or is unable to arrange for or
239 maintain electric generation services with an electric supplier. The

240 electric distribution company shall procure electric generation services
241 for such customers through a competitive bidding process. An electric
242 distribution company may procure electric generation services through
243 any of its generation entities or affiliates, provided such entity or
244 affiliate is the lowest qualified bidder and provided further any such
245 entity or affiliate is licensed pursuant to section 16-245.]

246 (c) On and after January 1, 2000, and until such time the regional
247 independent system operator implements procedures for the provision
248 of back-up power to the satisfaction of the Department of Public Utility
249 Control, each electric distribution company shall provide electric
250 generation services to any customer who has entered into a service
251 contract with an electric supplier that fails to provide electric
252 generation services for reasons other than the customer's failure to pay
253 for such services. Between January 1, 2000, and December 31, [2003]
254 2006, an electric distribution company may procure electric generation
255 services through a competitive bidding process or through any of its
256 generation entities or affiliates. On and after January 1, [2004] 2007,
257 such company shall procure electric generation services through a
258 competitive bidding process pursuant to a plan submitted by the
259 electric distribution company and approved by the department. Such
260 company may procure electric generation services through any of its
261 generation entities or affiliates, provided such entity or affiliate is the
262 lowest qualified bidder and provided further any such entity or
263 affiliate is licensed pursuant to section 16-245, as amended by this act.

264 (d) An electric distribution company is not required to be licensed
265 pursuant to section 16-245, as amended by this act, to provide standard
266 offer electric generation services in accordance with subsection (a) of
267 this section, supplier of last resort service pursuant to subsection (b) of
268 this section or back-up electric generation services prior to January 1,
269 2004, in accordance with subsection (c) of this section.

270 (e) The electric distribution company shall be entitled to recover
271 reasonable costs incurred as a result of providing standard offer
272 electric generation services pursuant to the provisions of subsection (a)

273 of this section [, the default service pursuant to subsection (b) of this
274 section or the back-up electric generation services pursuant to
275 subsection (c) of this section] or back-up electric generation service
276 pursuant to subsection (b) of this section. The provisions of this section
277 and section 16-244a shall satisfy the requirements of section 16-19a
278 until January 1, [2004] 2007.

279 (f) The Department of Public Utility Control shall establish, by
280 regulations adopted pursuant to chapter 54, [standards or procedures
281 for an electric distribution company's procuring power and
282 competitive bidding for purposes of subsections (b) and (c) of this
283 section in a commercially reasonable manner and] procedures for
284 when and how a customer is notified that his electric supplier has
285 defaulted and of the need for the customer to choose a new electric
286 supplier within a reasonable period of time.

287 (g) (1) Notwithstanding the provisions of subsection (a) of this
288 section regarding an alternative standard offer option, an electric
289 distribution company providing standard offer service, supplier of last
290 resort service or back-up electric generation service in accordance with
291 this section shall comply with the renewable portfolio standards by
292 contracting with an electric supplier to meet such standards. The
293 Department of Public Utility Control shall annually conduct a
294 contested case, in accordance with the provisions of chapter 54, in
295 order to determine whether the electric distribution company met the
296 renewable portfolio standards during the preceding year. The
297 department shall require a payment by any such electric distribution
298 company that fails to comply with the renewable portfolio standards
299 during the subject annual period in the amount of five and one-half
300 cents per kilowatt hour. The department shall allocate such payment to
301 the Renewable Energy Investment Fund for the development of Class I
302 renewable energy sources. A payment incurred pursuant to this
303 subdivision shall not be deemed a recoverable operating expense in a
304 rate proceeding held pursuant to section 16-19.

305 (2) Notwithstanding the provisions of subsection (a) of this section

306 regarding an alternative standard offer option, an electric distribution
307 company providing standard offer service, supplier of last resort
308 service or back-up electric generation service in accordance with this
309 section shall, not later than July 1, 2007, file with the Department of
310 Public Utility Control one or more long-term power purchase contracts
311 from Class I renewable energy source projects that receive funding
312 from the Renewable Energy Investment Fund at a price that is not
313 more than the total of the comparable wholesale market price for
314 generation plus five and one-half cents per kilowatt hour. Such
315 contracts shall be comprised of not less than a total, apportioned
316 among each electric distribution company, of one hundred megawatts.
317 The cost of such contracts and the administrative costs for the
318 procurement of such contracts directly incurred shall be eligible for
319 inclusion in the generation services charge component of rates,
320 provided that such contracts are for a period of time sufficient to
321 provide financing for such projects, but not less than ten years and are
322 for projects which began operation on or after July 1, 2003. The amount
323 from Class I renewable energy sources contracted under such contracts
324 shall be applied to reduce the applicable Class I renewable energy
325 source portfolio standards. For purposes of this subdivision, the
326 department's determination of the comparable wholesale market price
327 for generation shall be based upon a reasonable estimate."

328 Strike subdivision (1) of subsection (a) of section 7 and insert the
329 following in lieu thereof:

330 "(a) (1) On and after [July 1, 2003,] January 1, 2004, an electric
331 supplier and an electric distribution company providing standard offer
332 pursuant to section 16-244c, as amended by this act, shall demonstrate
333 to the satisfaction of the Department of Public Utility Control that not
334 less than [one and one-half] one per cent of [such output] the total
335 output or services of such supplier or distribution company shall be
336 generated from Class I renewable energy sources and an additional
337 [five and one-half] three per cent of the total output or services shall be
338 from Class I or Class II renewable energy sources. On and after [July 1,
339 2004] January 1, 2005, not less than [two] one and one-half per cent of

340 the total output or services of any such supplier or distribution
341 company shall be generated from Class I renewable energy sources
342 and an additional [six] three per cent of the total output or services
343 shall be from Class I or Class II renewable energy sources. On and after
344 [July 1, 2005,] January 1, 2006, an electric supplier and an electric
345 distribution company providing standard offer service or supplier of
346 last resort service, pursuant to section 16-244c, as amended by this act,
347 shall demonstrate that not less than [two and one-half] two per cent of
348 the total output or services of any such supplier or distribution
349 company shall be generated from Class I renewable energy sources
350 and an additional [six] three per cent of the total output or services
351 shall be from Class I or Class II renewable energy sources. On and after
352 [July 1, 2006] January 1, 2007, not less than three and one-half per cent
353 of the total output or services of any such supplier or distribution
354 company shall be generated from Class I renewable energy sources
355 and an additional [six] three per cent of the total output or services
356 shall be from Class I or Class II renewable energy sources. On and after
357 [July 1, 2007] January 1 2008, not less than [four] five per cent of the
358 total output or services of any such supplier or distribution company
359 shall be generated from Class I renewable energy sources and an
360 additional [six] three per cent of the total output or services shall be
361 from Class I or Class II renewable energy sources. On and after [July 1,
362 2008] January 1, 2009, not less than [five] six per cent of the total output
363 or services of any such supplier or distribution company shall be
364 generated from Class I renewable energy sources and an additional
365 [six] three per cent of the total output or services shall be from Class I
366 or Class II renewable energy sources. On and after [July 1, 2009]
367 January 1, 2010, not less than [six] seven per cent of the total output or
368 services of any such supplier or distribution company shall be
369 generated from Class I renewable energy sources and an additional
370 [seven] three per cent of the total output or services shall be from Class
371 I or Class II renewable energy sources. [An electric supplier may
372 satisfy the requirements of this subsection by participating in a
373 renewable energy trading program approved by the state. Any
374 supplier who provides electric generation services solely from a Class

375 II renewable energy source shall not be required to comply with the
376 provisions of this section.]"

377 Strike section 20 in its entirety and insert the following in lieu
378 thereof:

379 "Sec. 20. (*Effective from passage*) On or before July 1, 2005, the
380 department shall initiate a contested case proceeding, in accordance
381 with the provisions of chapter 54 of the general statutes, to examine the
382 state of competition in the retail provision of electric generation
383 services. The department shall examine factors associated with a
384 competitive market place, including, but not limited to, (1) the number
385 of electric suppliers providing electric generation services to end-use
386 customers in this state; (2) the number of electric suppliers actively
387 marketing new end-use customers; (3) for each electric distribution
388 company, the number of end-use customers receiving electric
389 generation services as part of the standard offer established pursuant
390 to section 16-244c of the general statutes, as amended by this act, as a
391 percentage of the number of customers of each electric distribution
392 company; (4) for each electric distribution company, the number of
393 end-use customers receiving electric generation services from an
394 electric supplier, as a percentage of the number of customers of each
395 electric distribution company; (5) the number of end-use customers
396 who have executed a contract with an electric supplier and who have
397 returned to the standard offer established pursuant to section 16-244c,
398 as amended by this act; and (6) any other factors the department may
399 deem relevant. In its final decision in such case, the department shall
400 make recommendations regarding the protection of ratepayers from
401 excessive rate fluctuations and the development of the market place for
402 the competitive provision of retail electric generation services. The
403 department shall submit a copy of its final decision in such case to the
404 joint standing committee of the General Assembly having cognizance
405 of matters relating to energy and public utilities not later than January
406 1, 2006."